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RUEHBY/AMEMBASSY CANBERRA PRIORITY 0627  
RUEHLI/AMEMBASSY LISBON PRIORITY 0545  
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RHHMUNA/HQ USPACOM HONOLULU HI  
RUEKJCS/JOINT STAFF WASHDC  
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RUEHDT/AMEMBASSY DILI 2047

S E C R E T SECTION 01 OF 03 DILI 000327

SIPDIS

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DEPT FOR EAP/MTS  
NSC FOR HOLLY MORROW  
USUN FOR GORDON OLSON AND RICHARD MCCURRY  
USPACOM FOR JOC AND POLAD  
SIPDIS

E.O. 12958: DECL: 6/22/2016  
TAGS: [PGOV](#) [MOPS](#) [ASEC](#) [KPKO](#) [MY](#) [AS](#) [TT](#)  
SUBJECT: EAST TIMOR SITREP: PRESIDENT WILL RESIGN TOMORROW UNLESS  
PRIME MINISTER RESIGNS FIRST

REF: A) DILI 316; B) DILI 322; C) CANBERRA 952

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CLASSIFIED BY: Grover Joseph Rees, Ambassador, U.S. Embassy  
Dili, Department of State.  
REASON: 1.4 (b), (d)

[1](#)1. (U) Summary:  
--- President will resign tomorrow if Prime Minister does not;  
--- Ex-Minister Lobato arrested;  
--- More anti-Alkatiri demonstrators arrive in Dili..  
End summary.

President will resign tomorrow if Prime Minister does not  
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[1](#)2. (U) President Xanana Gusmao announced late this afternoon  
(June 22) that unless Prime Minister Mari Alkatiri submits his  
resignation by tomorrow morning, "it is I who will send a letter  
to the National Parliament, to inform them that I will step down  
as President of the Republic, because I am ashamed at the  
State's bad behavior toward the people and I no longer dare to  
face the people."

[1](#)3. (SBU) Prime Minister Alkatiri had told President Gusmao late  
yesterday afternoon that he would seriously consider the  
President's demand that he resign, but that he needed a day or  
so to consult with his colleagues in the Fretilin Party (see Ref  
B). Today, however, Alkatiri responded instead with a  
counterproposal. The Prime Minister proposed that he remain in  
office but appoint two Vice Prime Ministers who would assume  
some of his responsibilities. This was a variant on a  
suggestion that had been made by Foreign Minister Jose

Ramos-Horta three weeks ago, before the current accusations that Alkatiri had engaged in serious criminal conduct including the creation of an armed group to kill various Alkatiri critics. The earlier Ramos-Horta proposal for a strong deputy prime minister had been part of a package of reforms and personnel changes that would have created a "government of national unity." Alkatiri had summarily dismissed the proposal at the time, and today's version lacked most of the conciliatory features of the previous proposal. The two Vice Prime Ministers under today's proposal were to be current Minister of State Administration Ana Pessoa, who is Alkatiri's closest ally and confidante, and Minister of Health Rui Araujo, who is highly regarded but has not made waves in his four years as an Alkatiri cabinet member. The proposal was presented to the President by Ramos-Horta at about noon today. Embassy has not yet ascertained whether Ramos-Horta endorsed the proposal or merely offered to be an intermediary.

(4) (SBU) It was widely assumed today that the President would reject Alkatiri's counterproposal, since his recent call for Alkatiri's resignation was based not on concerns about the structure of the Cabinet but on the President's belief that Alkatiri had committed serious crimes and could not be trusted. Nevertheless, late this afternoon an advisor to Ramos Horta told Emboff that the President was currently "considering" the proposal, and a source in the President's office indicated that the ongoing discussions would not end today.

(5) (SBU) At approximately 4:00pm today, Jose Reis, one of the Fretilin Party's two deputy secretary generals and a close ally of Prime Minister Alkatiri, made a public statement on behalf of the Party in which he said that the Party will not ask Alkatiri to resign. During the same press conference, Reis announced that the Prime Minister would give up his portfolio as Minister for Natural Resources and that a new minister would be named to fill that closely held ministry. He continued by stating that two new Vice Prime Minister positions would be created.

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(6) (U) At about 5:00 p.m. President Gusmao began a lengthy speech to domestic and foreign journalists gathered outside his office. The speech set forth a broad array of criticisms of various Fretilin leaders, particularly Alkatiri and other members of his "Mozambique group". It made clear that the President regards the recent Fretilin Party Congress, in which Alkatiri was reelected by a show of hands instead of the legally mandated secret ballot, as invalid and illegal. Gusmao said the abolition of the secret ballot violated both the Constitution and the law governing political parties (Article 18c of the latter specifies that leaders of political parties are to be elected via secret ballot). At the close of his speech, the President stated that he could no longer face the people under the current circumstances. He demanded that Alkatiri assume responsibility for the current crisis and step down immediately.

He also demanded that Fretilin hold an extraordinary Congress within the week to elect new party leaders with a secret ballot.

If Alkatiri did not resign, he said, he himself would send a letter to Parliament in the morning tendering his own resignation. Under the Timorese Constitution, if the President resigns the President of Parliament, Francisco Lu'Olo Guterres, will become the interim President and elections for a new President must be held within ninety days. Lu'Olo is also the President of Fretilin, re-elected along with party Secretary General Alkatiri at the Party Congress whose procedures President Gusmao declared illegal in his speech today.

(7) (U) In a telephone interview with a Portuguese journalist shortly after the President's speech, Alkatiri reiterated his intention not to resign. He stated that "the current situation is so complex that a precipitous decision could complicate things even further."

(8) (S/NF) Comment: While it was predictable that Alkatiri would not resign, see Ref B, it is not clear why President Gusmao now intends to tender his own resignation rather than

exercise his constitutional power to dismiss the Prime Minister as he had recently indicated he would do. See Ref A. One possibility is that the President's former legal advisor, Portuguese law professor Pedro Barcelar Vasconcelas, who had reportedly advised the President that article 112 of East Timor's Constitution authorizes him to dismiss the Prime Minister in the current circumstances, might have changed his position and urged the President not to dismiss Alkatiri. Embassy had received reports that members of the tight-knit Portuguese expatriate community in Dili, which is overwhelmingly pro-Alkatiri, were making efforts to enlist Vasconcelas. Professor Vasconcelas' legal advice was reportedly instrumental in the President's decision last year to support Prime Minister Alkatiri during the May 2005 anti-Alkatiri demonstration led by East Timor's Catholic Bishops.

(8) (SBU) Comment continued: Another possibility, more consistent with some of the President's recent conversations with Ambassador Rees and others, is that he still believes he has the constitutional authority to dismiss Alkatiri, but that he also believes Alkatiri might succeed in painting him as the perpetrator of an unconstitutional coup d'etat. By using the imminent threat of his own resignation as his only weapon in the struggle against the Prime Minister, Gusmao hopes to make clear that he is seeking the good of the country, not personal power. Nevertheless, the President has now put himself in a position that may well force him to resign tomorrow.

(9) (SBU) Comment continued: It is possible, although unlikely, that the President could run in the election that must be held within 90 days to fill the vacancy created by his own resignation. If he did run he would presumably seek a popular mandate for his plan to dismiss the Government. End Comment.

Ex-Minister Lobato arrested

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(10) (C) As reported in reftel, former Minister of Interior Rogerio Lobato was taken into custody by a prosecutor working in the office of East Timor's Prosecutor General at about 9:20am. Although neither Australian forces nor police were technically involved in the arrest, the arresting prosecutor was reportedly accompanied by a legal officer from the Joint Task Force (JTF), and armed members of the Australian Defense Force (ADF) were reportedly standing nearby. Lobato reportedly put up no resistance, despite earlier concerns that he was armed. Lobato was subsequently brought before a judge for a detention review hearing. According to Prosecutor General Longinhos Monteiro, the presiding judge accepted the prosecution's request that Lobato remain in custody pending further proceedings, but the judge questioned whether the Prosecutor General's office could guarantee Lobato's safety if he were held in the Becora facility in Dili. As the Prosecutor General could provide no such guarantee, the judge decided to keep Lobato under house arrest.

More anti-Alkatiri demonstrators arrive in Dili

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(11) (SBU) A large number of demonstrators arrived on the western outskirts of Dili late this afternoon. According to Malaysian forces posted at the first checkpoint through which vehicles arriving from the West must pass, there are currently 114 vehicles waiting at the checkpoint. Many of these vehicles are reportedly large trucks, each of which can carry up to 40 people. Early this evening Malaysian and Australian forces were working on security arrangements for conducting the entry of the demonstrators into Dili and for ensuring security thereafter. It had been reported that they might require the demonstrators to remain outside of Dili overnight and allow them to enter in the morning. Approximately 1,000 demonstrators appear to have entered the city today, possibly before a decision was made to delay further entries. Australian forces report that those who are already in the city are being allowed to proceed with demonstrating, but will be closely monitored. At approximately

9 p.m Emboffs saw numerous vehicles full of probable demonstrators entering the city, suggesting that a decision had been made to permit entry to at least some of the demonstrators who had been waiting at the western checkpoint.

(12) (SBU) Embassy has received reports from the Australian forces that a decision has been made to not embed international forces with the protestors, as was done during the smaller June 6 demonstration. Instead, international troops and police report that they are focusing on containing the demonstrators by providing extensive perimeter security.

(13) (U) It is possible that the situation could become more volatile once the demonstrators become aware of the President's threat to resign tomorrow morning.

REES